



SACHI A. HAMAI
Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

August 18, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

15 August 18, 2015


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

**APPROVE THE INTRODUCTION AND SCHEDULE FOR ADOPTION AN
ORDINANCE TO AMEND THE EXISTING WATER PIPELINE FRANCHISE
GRANTED TO VALENCIA WATER COMPANY
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval of the recommendations will introduce and schedule for adoption an ordinance to amend the existing water pipeline franchise granted to Valencia Water Company by Ordinance No. 91-0042F, as amended, to extend the term of the franchise to December 31, 2018; clarify the exclusion on the transportation of hazardous substances or hazardous waste; expand the southerly boundary of the franchise area; and make other minor changes to clarify certain provisions in the ordinance.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this project is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15301 (Existing Facilities) of the State of California Guidelines for the implementation of the California Environmental Quality Act.
2. Introduce, waive reading, and place on the Board of Supervisors' agenda for adoption on August 25, 2015, an ordinance to amend the water pipeline franchise granted to Valencia Water Company by Ordinance No. 91-0042F, as amended, to extend the term of the franchise to December 31, 2018; clarify the exclusion on the transportation of hazardous substances or hazardous waste; expand the southerly boundary of the franchise area; and make other minor changes to clarify certain provisions in the ordinance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of these recommended actions is for the County of Los Angeles (County) Board of Supervisors (Board) to introduce and schedule for adoption an ordinance to amend the water pipeline franchise granted to Valencia Water Company (VWC), by Ordinance No. 91-0042F, as amended, to extend the term of the VWC franchise to December 31, 2018; clarify the exclusion on transportation of hazardous substances or hazardous waste; expand the southerly boundary of the franchise area; and make other minor changes to clarify certain provisions in the ordinance.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. To introduce and schedule for adoption an ordinance to amend the VWC water pipeline franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

VWC paid the County a one-time fee of \$5,000 to process an ordinance to amend the franchise, and will continue to pay an annual franchise fee of 2 percent of the gross annual receipts from the use, operation, or possession of the franchise, but not less than 1 percent of the gross annual receipts from the sale of water in unincorporated areas. For the 2014 calendar year, VWC reported over \$8.93 million from the sale of water in the franchise area and paid the County an annual franchise fee of \$179,105.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 7, 1991, the Board adopted Ordinance No. 91-0042F granting a water pipeline franchise to VWC for a term of 25 years that became operative retroactively on December 17, 1990, and will expire on December 16, 2015. The VWC franchise was amended in February 2013 with an administrative consent letter to reflect a 100 percent change in control of the franchise rights when Castaic Lake Water Agency (CLWA), a California State Water Project contractor and water wholesaler, acquired all of VWC's common stock in eminent domain proceedings.

VWC was incorporated in 1954 as Saugus Water Company and changed its name to VWC in 1965. Although VWC is now a privately held corporation, VWC was a regulated public utility water company from October 1965 to February 2014, when the California Public Utilities Commission (CPUC) ruled that due to CLWA's acquisition of all the company's stock, VWC could no longer be regulated by the CPUC.

CLWA provides supplemental wholesale water to the Santa Clarita Valley using local groundwater, State Water Project water from northern California, recycled water, and other water sources delivered by four local water purveyors, VWC, County Waterworks District No. 36, Newhall County Water District, and its Santa Clarita Water Division. VWC has 31,000 water connections serving 118,000 customers with 10,450 connections serving 40,000 customers in the Valencia, Stevenson Ranch, Newhall, Saugus, and Castaic unincorporated communities.

Approximately 50 percent of VWC's water is pumped from 19 groundwater wells and 50 percent is imported water purchased from CLWA at seven wholesale connections. VWC operates 144 miles of water mains in highways in unincorporated areas and has requested to expand the southerly boundary of the franchise area for extensions of service in Stevenson Ranch.

Adopting the accompanying ordinance to amend the VWC franchise will avoid the expiration of the franchise in December of this year and allow additional time for the Chief Executive Office (CEO) and County Counsel to obtain Board approval of proposed updates to the County's franchise regulations in County Highway Code (Title 16), prior to renewing the VWC franchise for a longer term.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

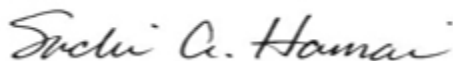
IMPACT ON CURRENT SERVICES (OR PROJECTS)

This project will not impact or negatively affect current services or future projects. The Department of Public Works has reviewed this recommendation and expressed no objection. County Counsel has reviewed and approved as to form the ordinance to amend the VWC franchise.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return a conformed copy of this adopted recommendation and the certified ordinance to Mr. Keith Abercrombie, General Manager, Valencia Water Company, 24631 Avenue Rockefeller, Valencia, CA 91355, and the offices of the Department of Public Works, and CEO, Real Estate Division.

Respectfully submitted,



SACHI A. HAMAI

Interim Chief Executive Officer

SAH:TT:CMM

KW:RB:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Public Works